

bank occupying a similar relation to the Commonwealth that the United States Bank had occupied towards the national government, but the State capital was never subscribed and the authorized capital was reduced in 1817 from \$3,000,000 to \$1,800,000.* The charter of this bank and of the Merchants* Bank, also incorporated in 1811, served as the model from which most subsequent charters in Massachusetts were drawn. One-fifth of the capital was required to be actually paid in before the beginning of business ; the stockholders were individually liable to the amount of their stock in case of loss arising from mismanagement, and the liabilities, exclusive of deposits, were limited to twice the amount of the capital. The limit upon circulation, which was thus incidentally imposed, was reduced in the case of most of the later banks to 150 per cent. The Massachusetts and other New England banks maintained specie payments in 1814, when those of other parts of the country suspended, and the current of specie towards New England swelled the holdings of the Massachusetts banks alone, from \$1,513,000 in 1811 to \$6,946,542 in 1814. The total banking capital authorized had increased in 1828 to \$9,075,000 and thirty-six new banks were incorporated in the four years ending with that date. A new banking law was passed on February 28, 1829, which applied to banks thereafter incorporated and to those obtaining an increase of capital or an extension of their charters. The limit of the notes which a bank might circulate was reduced to 125 per cent, of the capital and the total of the debts, exclusive of deposits, was limited to twice the capital. A provision was made against the practice of issuing notes promising pay-

¹ The State subscribed \$400,000 to the capital of the Union Bank of Boston, which was incorporated in 1792, and was generally a subscriber at the formation of new banks for the next twenty years. About \$1,000,000 of bank stock in this way came into the hands of the State and afforded a generous dividend until it was sold in 1812 to meet some unusual expenses. The State does not seem to have abused its share in the ownership by interference with the management of the banks.—Martin's *Boston Stock Market*, cited in Comptroller's Report for 1876.